

Project Administration Manual

Project Number: 46009-003

Proposed Loan-CAM: Flood Damage Emergency Reconstruction Project (Additional Financing)
April 2014

Kingdom of Cambodia: Flood Damage Emergency
Reconstruction Project – Additional Financing

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Project Administration Manual Purpose and Process

The project administration manual (PAM) describes the essential administrative and management requirements to implement the project on time, within budget, and in accordance with Government and Asian Development Bank (ADB) policies and procedures. The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The executing and implementing agencies are wholly responsible for the implementation of ADB financed projects, as agreed jointly between the borrower and ADB, and in accordance with Government and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by executing and implementing agencies of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At Loan Negotiation the borrower and ADB shall agree to the PAM and ensure consistency with the Loan agreement. Such agreement shall be reflected in the minutes of the Loan Negotiations. In the event of any discrepancy or contradiction between the PAM and the Loan Agreement, the provisions of the Loan Agreement shall prevail.

After ADB Board approval of the project's report and recommendations of the President (RRP) changes in implementation arrangements are subject to agreement and approval pursuant to relevant Government and ADB administrative procedures (including the Project Administration Instructions) and upon such approval they will be subsequently incorporated in the PAM.

ABBREVIATIONS

ADB	=	Asian Development Bank
ADF	=	Asian Development Fund
APA	=	audited project accounts
AWS	=	all weather meteorological stations
DMF	=	design and monitoring framework
EA	=	executing agency
EARF	=	environmental assessment and review framework
EIA	=	environmental impact assessment
EMP	=	environmental management plan
ICB	=	international competitive bidding
IA	=	implementing agency
IEE	=	initial environmental examination
IPP	=	indigenous people plan
GAP	=	gender action plan
MAFF	=	Ministry of Agriculture, Forestry, and Fisheries
MEF	=	Ministry of Economy and Finance
MOWRAM	=	Ministry of Water Resources and Meteorology
MPWT	=	Ministry of Public Works and Transport
MRD	=	Ministry of Rural Development
NCB	=	national competitive bidding
NGOs	=	nongovernment organizations
PAI	=	project administration instructions
PAM	=	project administration manual
PCMU	=	project coordination and monitoring unit
PMCC	=	project management coordination committee
PIU	=	project implementation unit
RGC	=	Royal Government of Cambodia
RRP	=	report and recommendation of the President to the Board
SBD	=	standard bidding documents
SOE	=	statement of expenditure
SPS	=	Safeguard Policy Statement
SPRSS	=	summary poverty reduction and social strategy
SSS	=	single source selection
TOR	=	terms of reference

I. PROJECT DESCRIPTION

1. **The Project:** The project, using funds provided under an Additional Financing Loan, will assist the Royal Government of Cambodia (RGC) to meet urgent reconstruction priorities created by the 2013 flood, in parallel with finalising the similar 2011 Flood Damage Emergency Reconstruction Project. Continuing with the same sector agencies, the project focus will be to reconstruct (i) roads (national, provincial, and rural), including bridges and culverts; and (ii) irrigation facilities; damaged by flash floods in September/October 2013. The project will also assist the Government to strengthen its flood forecasting, warning and management capacity in western province catchments, where adverse impacts arise due to unmeasured flows entering the country from Thailand.

2. The reconstruction of damaged infrastructure will concentrate on subprojects in the most severely affected provinces of Battambang, Banteay Meanchey, Oddar Meanchey, Siem Reap, Kampong Thom and Kampong Cham provinces. The Ministry of Economy and Finance (MEF) will be the executing agency (EA) of the project. The Ministry of Public Works and Transport (MPWT); Ministry of Rural Development (MRD); and Ministry of Water Resources and Meteorology (MOWRAM) are the implementing agencies (IAs). As a framework for structuring the flood response exercise and the Project, the restoration of flood damaged infrastructure is divided into three stages as follows:

- (i) Stage 1: Immediate repairs to re-establish the use of infrastructure on a temporary basis and restore land based communications. The most urgent work has been implemented by the RGC in late 2013, using its own resources, and ADB support will focus on restoration of functionality under Stage 2 (2014) and enhanced flood management capacity through improvement of infrastructure and forecasting/warning system through Stage 3 (2015-2016);
- (ii) Stage 2: Fast track repairs where it is necessary to restore functionality of damaged infrastructure before the 2014 wet season to secure the existing (undamaged) works and thus avoid more extensive damage in the coming wet season. Advance action will be used to prepare urgent works packages for this stage through the designated line ministries, to be assisted by earliest mobilisation of consultant resources; and
- (iii) Stage 3: Improvement of selected subproject infrastructure that has sustained flood damage, by a combination of reconstruction and rehabilitation, supported by development of improved hydromet data acquisition in priority western catchments. The remaining damage repairs and infrastructure improvements will be designed and contracted by end 2014, and work will be implemented over the following two dry season construction periods (2015-2016). Subproject infrastructure will be upgraded and strengthened where required, to provide greater resilience to withstand design standard flash floods. A more detailed review of catchment hydrology will be undertaken by MOWRAM. Improved climate monitoring and acquisition of data for early flood forecasting and warning will be obtained through the installation of a proposed pilot hydromet system in the Sisophon catchment (2014/15).

3. Under Stage 2, emergency reconstruction works will restore the basic functionality of the infrastructure for the on-going dry and forthcoming wet season and require a minimum of detail design. For Stage 3, the objective is to 'build back better' (i.e. introducing improvements and greater resilience) through improved infrastructure design and construction, based on sound hydrological assessment and flood management planning, to reduce overall future flood risks.

4. The impact of the project is accelerated economic and social recovery from the 2013 floods in project provinces. The outcome of the project is prompt restoration of critical public and social infrastructure assets necessary to restore livelihoods and access in project provinces and secure social infrastructure and protection against future flooding¹.

5. **Outputs:** The Project will assist the reconstruction of critical infrastructure for three sectors ((i) National/Provincial Roads, (ii) Rural Roads and (iii) Irrigation in six provinces: Battambang, Banteay Meanchey, Oddar Meanchey, Siem Reap, Kampong Thom, and Kampong Cham. The reconstruction and improvements will be supported by the improvement of flood forecasting and warning capacity, and strengthened water storage management to mitigate adverse flood impacts. Four project outputs are proposed:

- Output 1: National and Provincial Roads Rehabilitated – to be implemented by MPWT
- Output 2: Rural Roads Rehabilitated – to be implemented by MRD
- Output 3: Irrigation Rehabilitated and Improved Flood Management – to be implemented by MOWRAM
- Output 4: Project Management and Facilitation – through MEF as the EA

6. **Output 1: National and provincial roads rehabilitated.** This project output will include reconstruction of flood-damaged national and provincial roads in five provinces. In Kampong Cham, one bridge along provincial road 270, which was severely weakened by the floods, will be replaced and 16.19 km of national road 70 will be reconstructed. In Banteay Meanchey, 25.0 km of provincial road 156D and 24.8 km of provincial road 2563 will be repaired and upgraded, and two bridges replaced. In Kampong Thom, 8.15 km of provincial road 264E and 7.50 km of provincial road 264D will be reconstructed. In Siem Reap, 11.3 km of provincial road 265F and 6.0 km of national road 63 will be reconstructed. In Battambang, 19.7 km of provincial road 1570 will be reconstructed. Stage 1 works have already been completed under government funding to restore minimum function of national and provincial roads. Details of these works are outlined in the MPWT subprojects list in Indicative list of Subprojects, Appendix 2. The existing IA consultants will be retained to support the RGC in preparing designs for the works and supervising implementation.

7. **Output 2: Rural roads rehabilitation.** There has been extensive damage to many rural roads as a result of the floods such that lifelines, particularly in project areas, were cut off. The highest priority stage 2 works comprise 115 km of rural roads, to benefit 125,414 people in the selected provinces, by rehabilitation of damaged surface and structures. Stage 3 works comprise 142 km of rural roads, to benefit 158,993 people, through improvements for reliable and more efficient access between rural communities and markets. Improved traffic flow and efficient communications will lead to reduced fuel consumption. These roads were selected from the five priority provinces of, Banteay Meanchey, Battambang, Kampong Cham, Kampong Thom, Siem Reap. The stage 3 roads involve upgrading of a subset of the stage 2 roads, and are selected based on priority requirements for improvement and long-term climate resilience. The list of proposed subprojects for Output 2 is presented in Appendix 2. The scope of work to be undertaken for MRD subprojects has been supplemented by the provision of additional co-financing from the Government of Australia, such that longer sections of each road in overall subprojects can be paved with reinforcing cement concrete.

¹ Meaning to rectify any deficiencies with the existing infrastructure that causes it to operate below standard, and to reconstruct it to the correct standard for its intended function, including its ability to withstand floods in line with the appropriate design standards. This is adopted as much of the damaged infrastructure was known to be operating below standard, and was therefore more susceptible to flood damage.

8. **Output 3: Irrigation rehabilitation and flood management.** At least nine flood-damaged irrigation schemes covering about 37,500 hectares will be rehabilitated and improved in five provinces—Banteay Meanchey, Battambang, Kampong Thom, Oddar Meanchey, and Siem Reap.² Stage 2 works will involve urgent rehabilitation to restore service functionality for implementation during the 2014 dry season. Stage 3 works will be upgraded with infrastructure improvements, to be implemented during the 2015 and 2016 dry seasons. Civil works and development of hydromet capacity will increase future flood resilience and contribute to mitigation strategies to lower risk arising from climate change.³ The pilot development of a hydromet system in three river catchments will form the basis for improved flash flood forecasting capacity in western catchments.⁴ When complete, it will provide real-time data to support the implementation of a strategic flood management plan and mitigate recurrent flood risks emanating from large flows in those catchments that impact water storages and infrastructure. The provision of real time data will assist MOWRAM to make early flood estimates and provide early warning to other line agencies and the community, thereby helping to mitigate flood impacts other public infrastructure. MOWRAM's consultants will assist by supervising the Hydromet design and installation, and in preparing the strategic water management plans for impacted infrastructure, together with assistance to design, procure the infrastructure works and supervision of implementation. The hydromet equipment will be complementary to the strategic water management plan, being developed under ADB's Program.⁵

9. The pilot Hydromet will involve the installation and/or upgrade of 8 all weather synoptic meteorological stations (AWS) and up to 10 hydrological stations at key locations across the three designated catchments in Battambang and Banteay Meanchey. The initial pilot work (2014) will commence on Stung Sisophon in Banteay Meanchey. MOWRAM indicate they have already undertaken some Hydromet upgrades in 5 provinces, and it is proposed the new system will be compatible (data format, communications protocols, data handling and processing) with those systems, and will also be linked and compatible with plans now being developed for funding by other agencies (e.g. UNDP, KOICA, JICA, and WB), intended to cover other parts of Cambodia. The objective of the Hydromet pilot will be to get earliest meteorological and stream flow data and warning of developing transboundary runoff from Thailand entering the Cambodian catchments, and together with rainfall forecasts and measurement, will enable early estimates of impending flood flows, providing the basis for issuance of warnings to all concerned at the earliest opportunity. The pilot Hydromet upgrade in the Sisophon catchment will be implemented in 2014/15, and lessons learnt from this will be used to extend the system into the Mongkol Borey and Sangker catchments through 2015 and 2016.

10. Besides data collection and telemetry, calibrated models will be needed to process the data and generate warnings to the likely affected communities and infrastructure line agencies, to guide their early flood mitigation actions. Improved data acquisition and modelling will enable all line agencies to periodically check and update the adequacy of their infrastructure and flood preparatory and response plans in future years. The outcome will be enhanced institutional capacity to manage flood forecast systems, prepare and implement flood response plans, and thereby mitigate risk to communities and their essential district, regional and national

² Other provinces may also be considered depending on the detailed assessments during implementation, subject to agreement between the Ministry of Economy and Finance and ADB.

³ Installation of equipment to measure climate, rainfall, and stream flows, with data logging and telemetry for real-time data receipt at the Ministry of Water Resources and Meteorology.

⁴ The project will promote use of the standards in the Asian Water Information System and Water ML2.0, supported by ADB and the Asian Pacific Water Forum, as the basis for information exchange and hazard warning.

⁵ ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Kingdom of Cambodia for the Water Resource Management Sector Development Program*. Manila.










infrastructure (i.e. public assets). Together with strengthening the damage affected infrastructure, this could also identify and define activities to be part of a possible follow on flood mitigation and management project for the flood affected regions, and simultaneously provide a model for planning and operating similar works around the country.

11. **Output 4: Project Management and Facilitation:** This output will support the EA to undertake overall oversight and management of the Project. It will be supported by consultants to ensure that procedures are followed and that implementation schedules are kept on track. The PCMU Consultant resources will be extended to assist the EA and IAs with the coordination and development of the project components, and will also oversee MOWRAMs development of its Hydromet, and the provision of outputs from the system to concerned stakeholders to improve the cross-sector flood management strategy for the affected areas. Effective national oversight and coordination of the Hydromet development will be required to ensure all parties remain engaged and fully informed, and can prepare and be ready (resources, finances) to implement flood action plans. This will be a responsibility of MEF's Project Coordination and Management Unit (PCMU) during project implementation.

II. IMPLEMENTATION PLANS

A. Project Readiness Activities⁶

Figure 1: Schedule of Project Activities

Activities	2014							Responsible Party /remarks
	Jan	Feb	Mar	Apr	May	Jun	Jul	
Advance contracting for extension of design and supervision consultants and award of contracts								MOWRAM, MPWT, MRD
Advance contracting for extension of consultants for PCMU at MEF								ADB, MEF
Allocation of Government funds under retroactive financing for design and supervision consultants and civil work contracts for Stage 2 subprojects								MEF / in practice this was not necessary.
Advance contracting including award of civil work contracts for Stage 2 subprojects								MEF, MOWRAM, MPWT, MRD
ADB Board approval								ADB
Loan signing								MEF
Government legal opinion provided								MEF
Loan effectiveness								ADB
Consultants Extended and FDERP-AF resources mobilized								PCMU and IAs (Extensions agreed March)

⁶ ADB has approved the small scale technical assistance (SSTA) of \$225,000, which is being administered by ADB to support the Government in undertaking advance actions relating to project management, financial management, procurement, and safeguards. The S-CDTA 8617 has a provision of 4.5 person months of international individual consultants and 20 person months of national individual consultants.

								2014)
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ADB = Asian Development Bank, MEF = Ministry of Economy and Finance, MOWRAM = Ministry of Water Resources and Meteorology, MPWT= Ministry of Public Works and Transport, MRD = Ministry of Rural Development, PCMU = Project Coordination and Monitoring Unit, PIU = Project Implementation Unit, PMCC= Project Management Coordination Committee

B. Overall Project Implementation Plan

12. The project will be implemented over a three year period – April 2014 to March 2017. The overall project implementation schedule is provided Figure 2.

Figure 2: Implementation Schedule

[illegible]

DDIS= Detailed Design and Implementation Support, PCMU= Project Coordination and Monitoring Unit, PIU= Project Implementation Unit, PCR= Project Completion Report
Source: ADB Estimates

III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations – Roles and Responsibilities

Project Implementation Organizations	Management Roles and Responsibilities
<ul style="list-style-type: none"> Project Management Coordination Committee (PMCC) 	<ul style="list-style-type: none"> ➤ Provide necessary assistance and guidance to ensure that the Project is implemented efficiently within the overall policies and guidelines of the Government and the ADB ➤ Monitor the overall project implementation ➤ Ensure close coordination between all Project activities and activities sponsored by other DPs ➤ Ensure that ADB is informed in a timely manner of project progress and any issues arising ➤ Hold meeting two times per year or as required, likely following the review missions.
<p>Executing Agency:</p> <ul style="list-style-type: none"> MEF – Project Coordination and Monitoring Unit (PCMU) 	<ul style="list-style-type: none"> ➤ Coordinate with ADB and other line agencies for smooth project implementation ➤ Monitor and ensure the compliance of covenants, particularly submission of audited project accounts. ➤ Negotiate and sign contract of project management support consultant ➤ Monitor and supervise the project management support consultant ➤ Update procurement plan and monitor the procurement process prepared by PIUs. ➤ Examine the subprojects relating to costs and safeguard requirements ➤ Monitor Hydromet developments and ensure all IAs and concerned stakeholders have access to and benefit from MOWRAMs flood forecasting and flood management strategy plans and activities ➤ Coordinate environment and social safeguards planning and implementation ➤ Examine prepared bidding documents, request for proposal, and bid evaluation reports ➤ Consolidate accounts and submit withdrawal applications to ADB for direct payments and reimbursement. ➤ Open and manage imprest account for ADB loan ➤ Ensure IAs open subaccount. ➤ Submit all audited project accounts and financial statements pertaining to the project within 6 months of the end of the fiscal year. ➤ Coordinate project review missions ➤ Process and submit to ADB any request, when required, for reallocation of loan proceeds ➤ Prepare consolidated quarterly progress reports for timely submission to ADB ➤ Prepare project completion report and timely submit to ADB

Implementing Agencies (IAs):

- **For Output 1: MPWT**
 - Continue established roles and responsibilities to ensure the successful implementation of Output 1:
 - Maintain subaccount, and submit expenditures to the PCMU for consolidation.
 - Design subprojects for Stage 2 and Stage 3 and seek endorsement from Consultants and PCMU.
 - Maintain procurement review committee to oversee extension of consultants and procurement of goods and works.
 - Extend the detailed design, supervision and implementation consultant
 - Procure contractors and suppliers.
 - Monitor performance of suppliers, consultants, and contractors.
 - Make payments for activities performed under the scope of the Project.
 - Screen and classify subprojects in accordance with ADB's Safeguard Policy Statements (SPS) 2009
 - Prepare, implement and monitor safeguards in accordance SPS 2009, and Loan agreement
 - Implement resettlement and environment monitoring plans.
 - Prepare, implement and monitor gender action plan.
 - Establish focal persons to handle safeguards requirements
 - Maintain the grievance redress mechanism to address all subproject-related grievances
 - Disseminate and disclose safeguards, audited project accounts, procurement and contracts related information
 - Prepare monthly and quarterly progress reports for timely submission to EA
 - Undertake regular monitoring of subprojects.

 - **For Output 2: MRD**
 - As the above roles and responsibilities of MPWT, but for the delivery of Output 2

 - **For Output 3 Ministry of Water Resources and Meteorology (MOWRAM)**
 - As the above roles and responsibilities of MPWT and MRD, but for the delivery of Output 3; and
 - Prepare design, bid documents and procurement packages, assisted by consultants, for the Hydromet System and Pilot installation/commissioning;
 - With Consultant support, prepare the flood management strategy for key water storage infrastructure, informed by Hydromet, to improve infrastructure operation practices and outcomes during wet season and flood events;
 - Provide design, installation and commissioning reports on Hydromet, to keep all stakeholders advised on progress and outcomes; and
 - Train and test infrastructure operators and command structure for effective implementation of updated flood management strategy through key water management infrastructure.
 - Document and publish water and flood management strategy.

 - **Detailed Design, Implementation and Supervision**
 - Responsible for field surveys, engineering studies, designs, supervisions, safeguards preparation and implementation.
 - Assist relevant IAs in preparing bid documents including
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Consultants(DDIS) for all three outputs	<ul style="list-style-type: none"> design, review of designs/specifications and BOQs ➤ Assist IAs in contract awards/bids evaluation, preparation, implementation, and monitoring of safeguard activities. ➤ Assist IAs in execution and supervision of works ➤ Certify physical completion of works. ➤ Certify payments of works. ➤ Help relevant IAs in maintaining all projects accounts. ➤ Prepare all project reports including financial and physical progress reports to be submitted to PCMU ➤ Assist IAs in disseminating and publishing procurement and contracts related information.
• Project Management Consultants at PCMU	<ul style="list-style-type: none"> ➤ Assist PCMU in overall project management and coordination. ➤ Assist PCMU to review and endorse procurement, safeguard and financial management related documents submitted by IAs ➤ Assist PCMU to prepare all required documents for submission to ADB ➤ Consolidate accounts and submit withdrawal applications to ADB for direct payments and reimbursement. ➤ Ensure IAs open subaccount. ➤ Open and manage imprest account for ADB loan ➤ Submit all audited project accounts and financial statements pertaining to the project within 6 months of the end of the fiscal year. ➤ Assist PCMU to manage the performance monitoring system and website for disclosure ➤ Consolidate IAs PCR and prepare consolidated Project Completion Report
• ADB	<ul style="list-style-type: none"> ➤ Examine proposed subprojects with regard to costs and safeguard requirements ➤ Coordinate environment and social safeguards planning and implementation ➤ Examine bidding documents, requests for proposal, and bid evaluation reports ➤ Process and submit to ADB any request, when required, for reallocation of loan proceeds ➤ Review project completion report and finalise.

Table 1: Composition of Project Management Coordination Committee

Title	Positions
Chair (MEF)	1
Members (MPWT, MRD, MOWRAM, MEF)	5

MEF = Ministry of Economy and Finance, MOWRAM = Ministry of Water Resources and Meteorology, MPWT= Ministry of Public Works and Transport, MRD = Ministry of Rural Development

Table 2: Composition of Project Coordination and Monitoring Unit

Title	Positions
PCMU Director	1
PCMU Manager	1
Technical Officers	8

PCMU= Project Coordination and Monitoring Unit

Table 3: Composition of Project Implementation Unit for all three IAs⁷

Title	Positions
PIU Director	1
PIU Manager	1
Technical Officers	2
Procurement Officer	1
Finance Officer	1
Administrative Officer	1
Environment and Safeguard Officer	1
Monitoring and Evaluation Officer	1
Gender Officer	1
Accountant ⁸	1
Site Engineer/ Provincial Focal Point	2 at each project province

PIU- Project Implementation Unit

B. Key Persons Involved in Implementation**Executing Agency**

Ministry of Economy and Finance Officer's Name: H.E. Pen Thirong
 Position: Deputy Director General
 General Department of Budget
 Telephone: +855 12 200 174
 Email: thirong_pen@mef.gov.kh

Implementing Agencies

Ministry of Public Works and Transport Officer's Name: H.E. Kem Borey
 Position: Director General of Public Works
 Telephone: +855 12 900 739
 Email: kemborey12@yahoo.com

Ministry of Rural Development Officer's Name: H.E. Chan Darong
 Position: Director General of Technical Affairs
 Telephone: +855 12 599 599
 Email: darongchan@gmail.com

Ministry of Water Resources and Meteorology Officer's Name: H.E. Chann Sinath
 Position: Deputy Director General of Technical Affairs and
 Director of Department of FWUG
 Telephone: +855 12 528 777
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Asian Development Bank

Division Director Staff Name: Mr. Eric Sidgwick
 Position: Country Director, CARM, SERD
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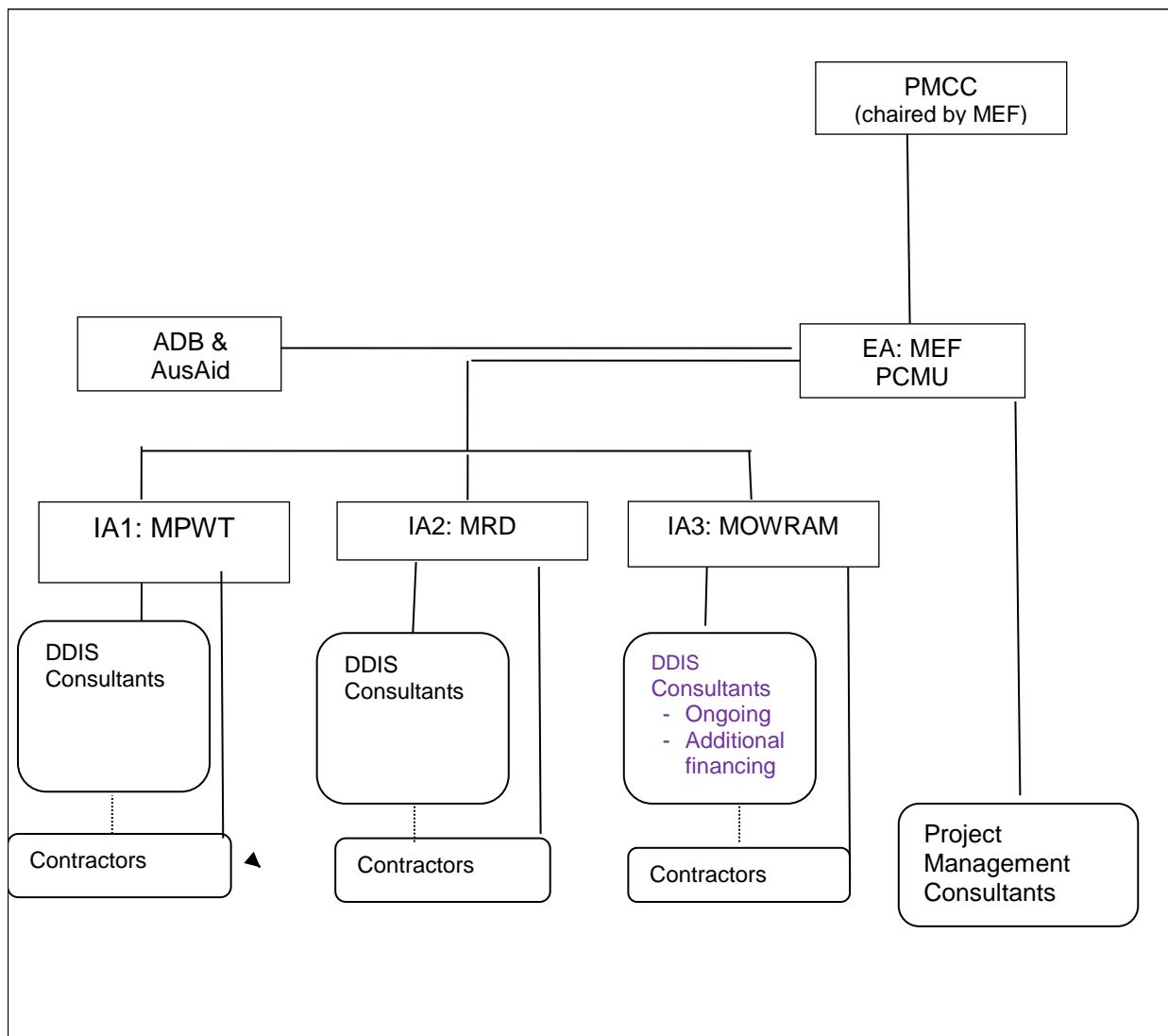
Mission Leader Staff Name: Mr. Piseth Long
 Position: Senior Project Officer
 Telephone No. +855 23 215 805
 Email: plong@adb.org

⁷ Based on Project Director's judgment and endorsement for efficiency of the works

⁸ To be engaged as an individual consultant under the project financing on an as needed basis.

Staff Name: Mr. Nida Ouk
 Position: Senior Project Officer
 Email: nouk@adb.org

C. Project Organization Structure



ADB = Asian Development Bank, AusAID= Australian Agency for International Development, DDIS= Detailed Design and Implementation Support Consultants, EA= Executing Agency, IA = Implementing Agency, MEF = Ministry of Economy and Finance, MOWRAM = Ministry of Water Resources and Meteorology, MPWT= Ministry of Public Works and Transport, MRD = Ministry of Rural Development, PCMU = Project Coordination and Monitoring Unit, PMCC= Project Management Coordination Committee.

D. Phasing of Subproject Implementation

13. The reconstruction of flood damaged infrastructure will follow a framework as outlined in para. 2 above. The subprojects will be implemented so as to provide flexibility to adjust the scope and prioritize works following more detailed damage assessments. The project activities

will involve the reconstruction and improvement of Stage 2 and Stage 3 subprojects respectively. ADB's assistance has not been needed to finance Stage 1 subprojects and activities, which were the immediate emergency response needs at the time of the floods. The project is required to follow the subproject selection criteria (Appendix 1). The indicative list of subprojects (Appendix 2) includes the list of Stage 2 subprojects confirmed during the loan fact finding mission. The government may proceed to implement Stage 2 subprojects after completing the mandatory safeguards requirements. Confirmation of Stage 3 subprojects will be completed once the project is approved.⁹ As the overall time for project implementation is short (2.5 years), funding allocations to each of the outputs will need to be reviewed once all Stage 2 works are confirmed, thereby enabling scope under Stage 3 to be confirmed. The EA, IAs, and ADB will jointly undertake an in-depth review of progress within 6 months of loan effectiveness to determine and agree potential reallocation of funds. This will be based on progress achieved for each output to date and the readiness of remaining subprojects for tendering and implementation under each of the outputs.

14. There may be some subprojects that will comprise a mix of both Stage 2 and 3 works, with some repairs that must be done before the wet season to maintain operation and safeguard the undamaged works, while other repairs would need to be deferred until the next dry season. In such cases, the best solution for implementing both stages would have to be judged for each subproject depending on the particular needs and urgency for 2-stage implementation. As far as practical, Stage 2 works should be prepared and implemented as separate packages, to be completed by the end of the 2014 dry season (no later than September). Packages under the same stage, with similar works in the same geographical area, may be consolidated into suitable size civil work contracts.

E. Approval Process for New Subprojects

i. Approval prior to commencing detailed design

15. Each PIU will be responsible for selection, preparation, submission, implementation, and benefits monitoring and evaluation of their own subprojects under the overall guidance of the PCMU. The PIUs will select the subproject based on the selection criteria, and prior to commencing detailed design will submit details of the proposed subproject, together with subproject's safeguards classification, to the PCMU for endorsement and to ADB for no objection. The submission will include a brief description and justification of the subproject, with adequate detail (including selected photographs if possible) to support its compliance with the selection criteria. In addition for Stage 2 subprojects, the PIU will complete the Assessment and Confirmation Sheet (Appendix 1, Table A1-1) for endorsement of the PCMU and ADB.

ii. Approval prior to award of contract

16. Before awarding civil works contracts, for all subprojects the IAs will prepare and submit to ADB for approval all required safeguard documents in accordance with the ADB's SPS 2009, the Environment Assessment Review Framework (EARF) and Resettlement Framework (RF). IAs will also need PCMU endorsement and ADB's no objection to award the civil works contracts, for subprojects requiring resettlement plans and initial environment examinations. All Stage 2 subprojects will be subject to ADB's prior review and no objection for contract award, including those that are proposed for retroactive financing. However, all Stage 3 subprojects will

⁹ This timing will allow for the preparation of subproject designs and the completion of damage restoration works (Stage 3) over two full construction seasons starting in December 2014 to September 2016, and six months for project closing activities.

be sent to the PCMU for endorsement. Safeguard documents for Stage 3 subprojects require ADB's prior review and approval. Further submission to ADB will be based on the thresholds and procedures set out and agreed with the government in the loan agreement and procurement plan.

iii. During Implementation

17. ADB may undertake periodic review of selected subprojects if required during review missions or through an independent third party consultant if necessary. For any subproject that does not meet the selection criteria, ADB retains the right not to finance or ask for refund of financing. The IA will maintain the information on the subproject selection readily available for review by ADB or its consultants at all times.

- (i) If it is determined by ADB that any expenditures withdrawn from the Loan Account by or on behalf of the Borrower have been applied to finance ineligible expenditures (whether by way of retroactive financing or otherwise), including but not limited to expenditures in relation to subprojects that do not satisfy the subproject criteria or have not been approved according to the procedures set out above, the Borrower must promptly refund such amounts equal to such expenditures and accrued interest to ADB.
- (ii) Even if ADB has previously approved to the inclusion of the Subproject, ADB reserves the right to require refund of the ineligible expenditures financed if the approval or "no-objection" was based on incomplete, inaccurate, or misleading information or the Subproject has been substantially modified without ADB's prior approval.

18. **Record:** The PIUs will keep appropriate record evidencing its assessment of the subprojects' compliance with the selection criteria and implementation arrangements. ADB may request the PIU to make available such information on any subproject within two weeks. Disbursements for the relevant subprojects or other subprojects implemented by that PIU may be suspended until compliance.

19. **Compliance:** If it is determined by ADB at any time that the subproject selection criteria and/or implementation arrangements have not been complied with, the subproject will not be eligible for ADB financing. The Government will refund any loan proceeds already withdrawn in respect of such ineligible subprojects to ADB upon request by ADB.

IV. COSTS AND FINANCING

20. The ongoing project is estimated to cost \$ 67.18 million including taxes and duties. RGC received an Emergency Assistance Loan from ADB, an ADF loan, in Special Drawing Right, equivalent to about \$55.0 million to help finance the Project. RGC requested an additional Financing of \$75.0 million to complement the ongoing efforts to recover from various recent disasters. The additional financing loan will have the same interest charge at the rate of 1% per annum (interest during construction to be capitalized in the ADF loan), a term of 40 years, including a grace period of 10 years, with repayment of principal at 2% a year for the first 10 years after the grace period and 4% a year thereafter and such other terms and conditions to be set forth in the amended loan agreement. The RGC will contribute in the amount of \$9.0 million. The contribution of Government Includes taxes and duties, safeguard costs, salary supplements for staff and drivers, and external independent monitor. The Government of Australia has confirmed its intention to provide a grant of A\$7.6 million, equivalent to \$6.68 million at the exchange rate prevailing at the time of fact-finding; it will be denominated in US dollars pursuant

to ADB's standard accounting practice¹⁰. The Government of Australia financing will be front loaded for civil works. The following tables present the summary of cost estimates and financing plan.

A. Detailed Cost Estimates by Expenditure Category

		CURRENT	ADDITIONAL FINANCING	TOTAL
		Total	Total	Current and AF
		Amount	Amount	
I. Investment Costs				
A. Civil Work				
	National and Provincial Roads	25,384,000	26,666,670	52,050,670
	Rural Roads	15,595,026	22,833,335	38,428,361
	Irrigation and Flood Management	9,637,997	20,366,670	30,004,667
	NPR Safeguards	400,000	250,000	650,000
	RR Safeguards	100,000	158,325	258,325
	IFM Safeguards	100,000	100,000	200,000
	Subtotal	51,217,023	70,375,000	121,592,023
B. Equipment				
	National and Provincial Roads	185,200	12,000	197,200
	Rural Roads	120,000	12,000	132,000
	Irrigation and Flood Management	162,200	812,000	974,200
	Project Management and Facilitation	87,600	12,000	99,600
	Subtotal	555,000	848,000	1,403,000
C. Consulting Services				
	National and Provincial Roads	2,470,950	2,500,000	4,970,950
	Rural Roads	1,509,800	2,000,000	3,509,800
	Irrigation and Flood Management	1,380,200	2,000,000	3,380,200
	Project Management and Facilitation	923,950	1,250,000	2,173,950
	Subtotal	6,284,900	7,750,000	14,034,900
D. Incremental Management Costs^e				
	National and Provincial Roads	585,000	477,200	1,062,200
	Rural Roads	454,800	477,200	932,000
	Irrigation and Flood Management	538,800	549,200	1,088,000
	Project Management and Facilitation	180,600	330,400	511,000
	Subtotal	1,759,200	1,834,000	3,593,200
	Total Base Costs	59,816,123	80,807,000	140,623,123
				-
E. Contingencies				
	Physical	4,019,400	6,176,000	10,195,400
	Price	2,222,000	2,500,000	4,722,000
	Subtotal	6,241,400	8,676,000	14,917,400
	F. Interest During Implementation	870,000	1,200,000	2,070,000
		250,000		250,000
	Total PROJECT COSTS	67,177,523	90,683,000	157,860,523

¹⁰ This amount may be adjusted for currency fluctuations to match the grant amount received by ADB.

B. Allocation and Withdrawal of Loan Proceeds

Allocation and Withdrawal of Loan Proceeds (Flood Damage Emergency Reconstruction Project-Additional Financing)				
		Amount Allocated (\$) ¹¹		ADB Financing
No.	Items	Category	Sub-category	Percentage and Basis for Withdrawal from the Loan Account
1	Works	56,880,000		
1.A	National and Provincial Roads		22,500,000	100% of total expenditure claimed*
1.B	Rural Roads		17,550,000	100% of total expenditure claimed*
1.C	Irrigation and Flood Management		16,830,000	100% of total expenditure claimed*
2	Equipment	763,200		
2.A	National and Provincial Roads		10,800	100% of total expenditure claimed*
2.B	Rural Roads		10,800	100% of total expenditure claimed*
2.C	Irrigation and Flood Management		730,800	100% of total expenditure claimed*
2.D	Project Management and Facilitation		10,800	100% of total expenditure claimed*
3	Consulting Services	7,750,000		
3.A	National and Provincial Roads		2,500,000	100% of total expenditure claimed*
3.B	Rural Roads		2,000,000	100% of total expenditure claimed*
3.C	Irrigation and Flood Management		2,000,000	100% of total expenditure claimed*
3.D	Project Management and Facilitation		1,250,000	100% of total expenditure claimed*
4	Incremental Management Costs**	998,800		
4.A	National and Provincial Roads		246,800	100% of total expenditure claimed
4.B	Rural Roads		246,800	100% of total expenditure claimed
4.C	Irrigation and Flood Management		318,800	100% of total expenditure claimed
4.D	Project Management and Facilitation		186,400	100% of total expenditure claimed
5	Interest charge	1,200,000		100% of total amount due
6	Unallocated	7,408,000		
	Total	75,000,000		

* Exclusive of taxes and duties imposed within the territory of the Borrower

** Exclusive of salary supplements for staff and drivers and the loan can finance taxes and duties on these items.

¹¹ The table was prepared in US\$ for PAM of the additional loan. The actual loan is in SDR

B1. Grant Withdrawal Allocation Table - Additional Financing

Allocation and Withdrawal of Grant Proceeds (Flood Damage Emergency Reconstruction Project-Additional Financing)				
		Amount Allocated (\$)		ADB Financing
No.	Items	Category	Sub-category	Percentage and Basis for Withdrawal from the Grant Account
1	Works	6,000,000		
1A	National and Provincial Roads		1,500,000	100% of total expenditure claimed*
1B	Rural Roads		3,000,000	100% of total expenditure claimed*
1C	Irrigation and Flood Management		1,500,000	100% of total expenditure claimed*
2	Unallocated**	683,000		
	Total	6,683,000		

* Exclusive of taxes and duties imposed within the territory of the Recipient

**This amount shall have deducted from ADB's administration fee, audit cost, bank charges, and a provision for foreign exchange fluctuations (if any), to the extent that these items are not covered by interest and investment income earned by ADB on this or any additional Grant from the Government of Australia.

C. Detailed Cost Estimates by Financier

		ADDITIONAL FINANCING								Taxes & duties
		ADB		AusAID		The Government ^d		Total		
		Amount	%	Amount ^a	%	Amount	%	Amount	%	
I. Investment Costs										
A. Civil Work										
	National and Provincial Roads	22,500,000	84.4	1,500,000	5.62	2,666,670	10.0	26,666,670	29.4	2,666,670
	Rural Roads	17,550,000	76.9	3,000,000	13.14	2,283,335	10.0	22,833,335	25.2	2,283,335
	Irrigation and Flood Management	16,830,000	82.6	1,500,000	7.36	2,036,670	10.0	20,366,670	22.5	2,036,670
	NPR Safeguards	-	-	-	-	250,000	100.0	250,000	0.3	-
	RR Safeguards	-	-	-	-	158,325	100.0	158,325	0.2	-
	IFM Safeguards	-	-	-	-	100,000	100.0	100,000	0.1	-
	Subtotal	56,880,000	80.8	6,000,000	8.5	7,495,000	10.7	70,375,000	77.6	6,986,675
B. Equipment										
	National and Provincial Roads	10,800	90.0	-	-	1,200	10.0	12,000	0.0	1,200
	Rural Roads	10,800	90.0	-	-	1,200	10.0	12,000	0.0	1,200
	Irrigation and Flood Management	730,800	90.0	-	-	81,200	10.0	812,000	0.9	81,200
	Project Management and Facilitation	10,800	90.0	-	-	1,200	10.0	12,000	0.0	1,200
	Subtotal	763,200	90.0	-	-	84,800	10.0	848,000	0.9	84,800
C. Consulting Services										
	National and Provincial Roads	2,500,000	100.0	-	-	0	0.0	2,500,000	2.8	-
	Rural Roads	2,000,000	100.0	-	-	0	0.0	2,000,000	2.2	-
	Irrigation and Flood Management	2,000,000	100.0	-	-	0	0.0	2,000,000	2.2	-
	Project Management and Facilitation	1,250,000	100.0	-	-	0	0.0	1,250,000	1.4	-
	Subtotal	7,750,000	100.0	-	-	0	0.0	7,750,000	8.5	-
D. Incremental Management Costs ^e										
	National and Provincial Roads	246,800	51.7	-	-	230,400	48.3	477,200	0.5	-
	Rural Roads	246,800	51.7	-	-	230,400	48.3	477,200	0.5	-
	Irrigation and Flood Management	318,800	58.0	-	-	230,400	42.0	549,200	0.6	-
	Project Management and Facilitation	186,400	56.4	-	-	144,000	43.6	330,400	0.4	-
	Subtotal	998,800	54.5	-	-	835,200	45.5	1,834,000	2.0	-
	Total Base Costs	66,392,000	82.2	6,000,000	7.4	8,415,000	10.4	80,807,000	89.1	7,071,475
E. Contingencies										
	Physical	5,158,000	-	683,000 ^b	-	335,000	-	6,176,000	-	-
	Price	2,250,000	-	-	-	250,000	-	2,500,000	-	-
	Subtotal	7,408,000	-	683,000	-	585,000	-	8,676,000	9.6	-
	F. Interest During Implementation	1,200,000	100.0	-	-	-	-	1,200,000	1.3	-
	Total PROJECT COSTS	75,000,000	82.7	6,683,000 ^c	7.4	9,000,000	10.0	90,683,000	100.0	7,071,475

^aThe Government of Australia financing will be front loaded at the contract commitment for civil works of rural roads.

^bThis amount shall have deducted from ADB's administration fee, audit cost, bank charges, and a provision for foreign exchange fluctuations (if any), to the extent that these items are not covered by interest and investment income earned by ADB on this or any additional Grant from the Government of Australia

^cGovernment of Australia contribution calculated at the exchange rate prevailing at the time of fact-finding at the rate on 31 Jan 2014. 1AU\$= US\$0.8793999678.

^dThe contribution of Government Includes taxes and duties (through tax exemption), safeguard costs, salary supplements for staff and drivers, and external independent monitor.

^eGovernment financing of Incremental Management Costs will be provided in parallel, for salary supplements for staff and drivers.

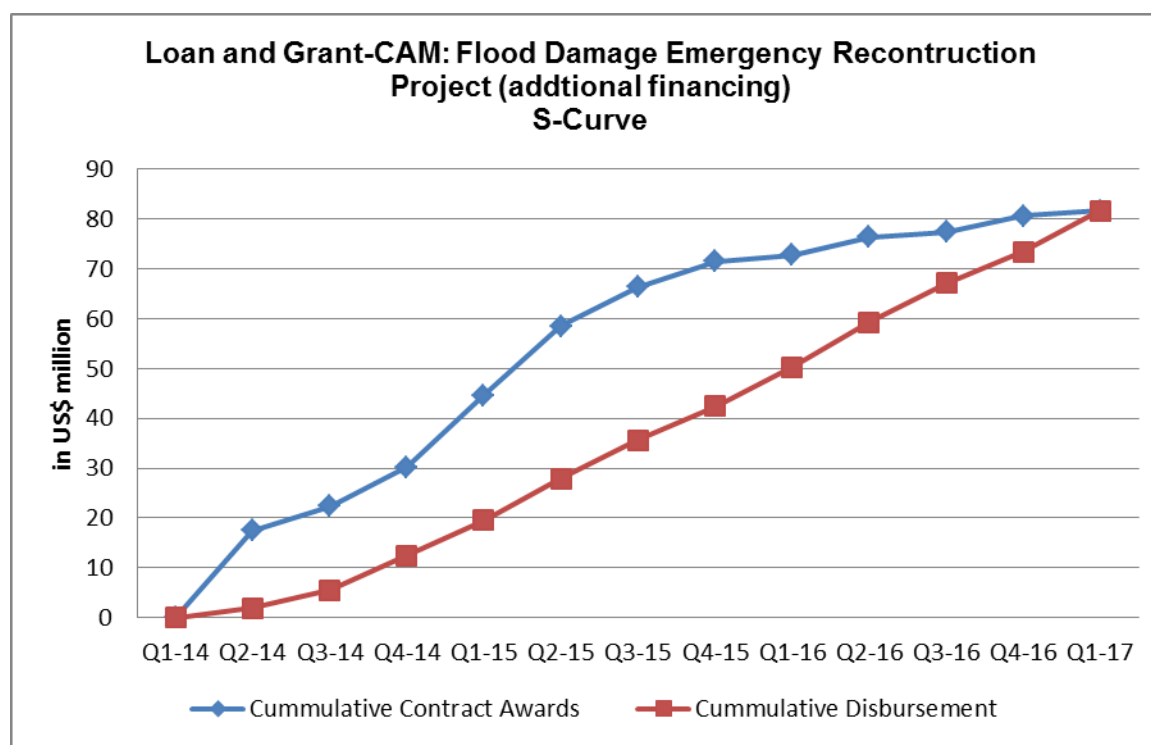
D. Detailed Cost Estimates by Outputs/Components

COST ESTIMATES BY OUTPUTS										
Outputs		Total Cost	National & Provincial Roads	% of Base Cost	Rural Roads	% of Base Cost	Irrigation	% of Base Cost	Project Manag.	% of Base Cost
		\$	million		million		million		million	
A. Investment Costs										
1	Civil Work	70,375,000	26,916,670	38.25%	22,991,660	32.67%	20,466,670	29.08%	-	
2	Equipment and Vehicles	848,000	12,000	1.42%	12,000	1.42%	812,000	95.75%	12,000	1.42%
3	Consulting Services	7,750,000	2,500,000	32.26%	2,000,000	25.81%	2,000,000	25.81%	1,250,000	16.13%
		78,973,000	29,428,670	37.26%	25,003,660	31.66%	23,278,670	29.48%	1,262,000	1.60%
Recurrent Costs										
4	Incremental Costs	1,834,000	477,200	26.02%	477,200	26.02%	549,200	29.95%	330,400	18.02%
		1,834,000	477,200	26.02%	477,200	26.02%	549,200	29.95%	330,400	18.02%
	Total Based Cost (A)	80,807,000								
B. Contingencies										
1	Physical Contingency	6,176,000								
2	Price Contingency	2,500,000								
	Subtotal (B)	8,676,000								
C.	Interest During Construction (IDC)	1,200,000								
D.	Unallocate	-								
TOTAL Project Cost (A+B+C+D)		90,683,000	29,905,870	32.98%	25,480,860	28.10%	23,827,870	26.28%	1,592,400	1.76%

E. Detailed Cost Estimates by Years

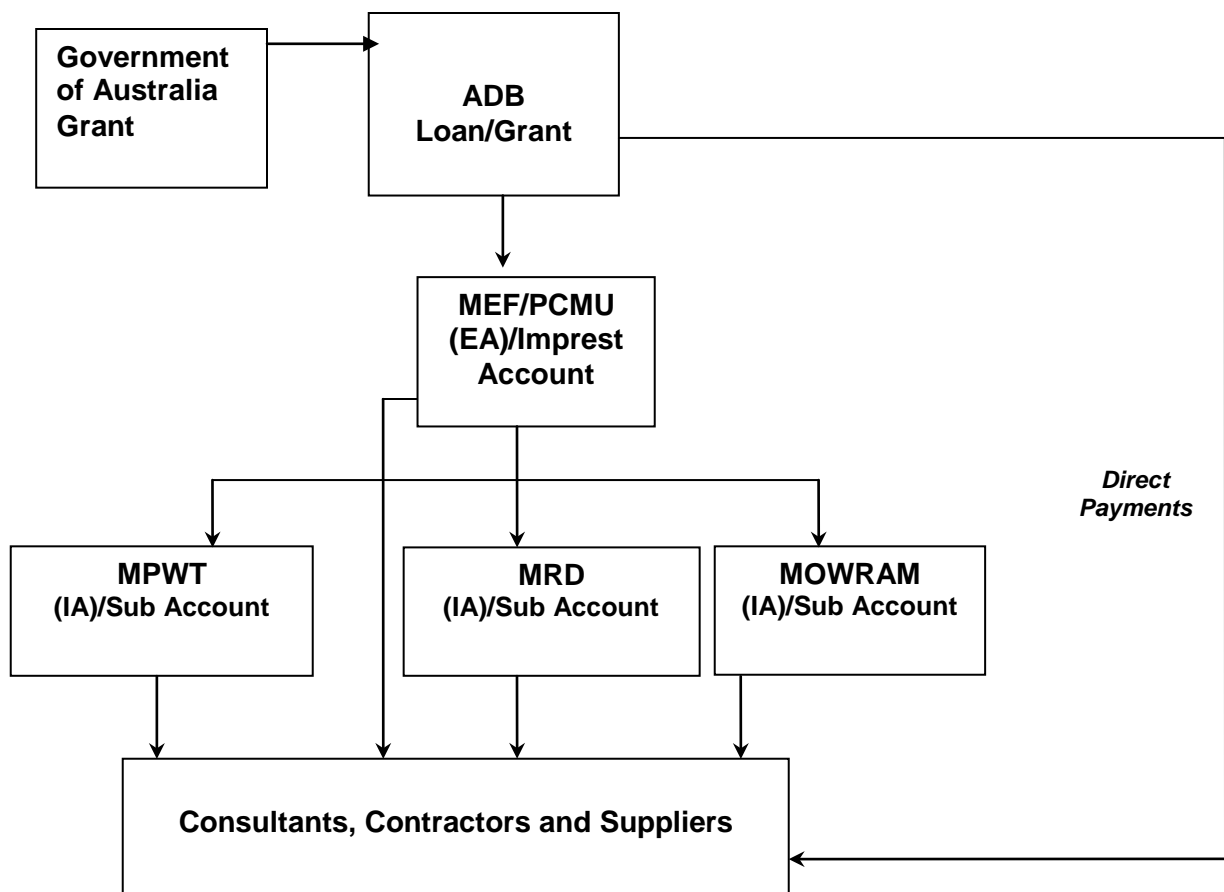
Cost Estimates By Years							
Outputs			Total Cost	2014	2015	2016	2017
\$ in Million							
1. National & Provincial Roads							
1	Civil Work		26,916,670	3,912,964	8,766,668	9,784,853	4,452,186
2	Equipment/ Vehicles		12,000	11,200	400	400	-
3	Consulting Services		2,500,000	625,000	833,333	833,333	208,333
4	PUI - Operating /Incremental Costs		477,200	119,300	159,067	159,067	39,767
Subtotal (1)			29,905,870	4,668,464	9,759,468	10,777,653	4,700,286
2. Rural Roads							
1	Civil Works		22,991,660	2,164,310	7,052,544	10,218,516	3,556,290
2	Equipment/ Vehicles		12,000	5,800	5,800	400	-
3	Consulting Services		2,000,000	500,000	666,667	666,667	166,667
4	PUI - Operating /Incremental Costs		477,200	119,300	159,067	159,067	39,767
Subtotal (2)			25,480,860	2,789,410	7,884,077	11,044,649	3,762,724
3. Irrigation and Flood Control							
1	Civil Works		20,466,670	1,935,656	7,227,274	7,907,577	3,396,163
2	Equipment/ Vehicles		812,000	752,467	32,467	27,067	-
3	Consulting Services		2,000,000	500,000	666,667	666,667	166,667
4	PUI - Operating /Incremental Costs		549,200	137,300	183,067	183,067	45,767
Subtotal (3)			23,827,870	3,325,423	8,109,474	8,784,377	3,608,596
4 Project & Flood Management							
1	Equipment/ Vehicles		12,000	5,800	5,800	400	-
2	Consulting Services		1,250,000	312,500	416,667	416,667	104,167
3	PUI - Operating /Incremental Costs		330,400	82,600	110,133	110,133	27,533
Subtotal (4)			1,592,400	400,900	532,600	527,200	131,700
Total Base Cost			80,807,000	11,184,197	26,285,619	31,133,879	12,203,305
5. Contingencies							
	Physical contingencies		6,176,000				
	Price contingencies		2,500,000				
Subtotal (5)			8,676,000	-	-	-	-
Interest During Construction (IDC)			1,200,000				
Unallocated (Government of Australia)							
TOTAL			90,683,000	11,184,197	26,285,619	31,133,879	12,203,305

F. Contract and Disbursement S-curve



Contract Awards and Disbursement by Quarters:

Cumulative Proposed Loan and Grant: FDERP (additional financing)										
	Cumulative Contract Awards(in USD million)					Cumulative Disbursements(in USD million)				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
2014	0.000	17.445	22.399	30.235	30.235	0.000	1.970	5.484	12.454	12.454
2015	44.675	58.515	66.365	71.473	71.473	19.490	27.861	35.633	42.487	42.487
2016	72.854	76.394	77.433	80.643	80.643	50.305	59.286	67.197	73.511	73.511
2017	81.683				81.683	81.683				81.683

G. Fund Flow Diagram

V. FINANCIAL MANAGEMENT

F. Overview

21. For Additional Financing Loan, MEF will continue to be EA of the Project. It has delegated the overall project responsibility to its PCMU, responsible for central level project coordination. The PCMU is also responsible to manage the component 4 (Project Management and Facilitation). As in the ongoing project, IAs will be the same three participating ministries: (i) MPWT for managing component 1: National and Provincial Roads; (ii) MRD for managing component 2: Rural Roads; and MOWRAM for managing component 3: Irrigation and Flood Control. MEF and the three IAs have demonstrated adequate financial and management capacity, and experience to implement the ongoing project. They have also implemented several significant donor-funded projects, including ADB projects.

22. Financial management assessment (FMA) of the three IAs was updated from the detailed FMA from ongoing and previous projects¹². During fact-finding mission (FFM) for the additional loan, held in 20-31 January 2014, EA and three IAs also updated the ADB's standardized FMA questionnaires and checklists.

23. The purpose of the assessment was to determine the robustness of the accounting, financial controls and internal audit arrangements, and the capability of the EA and the three IAs to meet all the fiduciary requirements which are set out in the loan agreement. The assessments indicate that on the whole, the prevailing government financial, accounting, and auditing rules and systems meet the generally acceptable international accounting and auditing standards. Regulations have adequate internal control systems and financial reporting arrangements. All the IAs have worked in the past with ADB and are implementing ongoing ADB projects. They also have been part of ADB's capacity development activities¹³ particularly on public financial management. The overall performance of EA and the three IAs in implementing financial management of the ongoing project is good.

24. Financial record keeping capacity at the PIU levels still varies and needs further improvements. So far, the PIUs of MPWT and MOWRAM PIUs have recruited individual accounting consultants and PIU of MRD has its existing staffs who are successfully handling financial management of the ongoing and previous ADB funded projects¹⁴. MOWRAM will establish a new PIU for the proposed additional loan due to reassignment in MOWRAM.

25. As discussed in the previous Project Administration Manual (PAM), the current PCMU team leader and his deputy have a strong financial and procurement background. They have been supporting the three PIUs to ensure that the financial management system is well established and maintained. Further, ADB's small scale technical assistance has provision of financial management expert to undertake advance actions of the ongoing project.

26. A complete assessment and review of internal controls and accounting systems including random sampling of statement of expenditures of the EA and IA will be undertaken by ADB during the review mission. Recording and reporting of transactions of project expenditures

¹² ADB. 2011. *Report and Recommendation of the President to the Board of Directors: Provincial Road Improvement Project*. ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Rural Road Improvement Project*. ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Water Resource Management Sector Development Project*.

¹³ MRD and MOWRAM participated in ADB's Public Financial Management for Rural Development Program

¹⁴ Including Loan 2670 – CAM: Rural Road Improvement Project

will be consistent with the Chart of Accounts and Budget Classification of the Government Financial Management Manual (2012, updated from time to time) and Government's Standard Operating Procedures, (2012, updated time to time) for Externally Financed Projects/Programs.¹⁵

G. Disbursement Arrangements

27. The loan and grant proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2012, as amended from time to time),¹⁶ and detailed arrangements agreed upon between the Government and ADB.

28. The PCMU representing the MEF will establish an imprest account, in US Dollar, for the additional financing at the National Bank of Cambodia (NBC), immediately after loan effectiveness. Three sub-accounts (one each for the PIU/MPWT, PIU/MRD, and PIU/MOWRAM respectively) will also be established at the NBC. The imprest and sub-accounts are to be used exclusively for ADB's share of eligible expenditures. The EA who established the imprest account in its name is accountable and responsible for proper use of advances to the imprest account including advances to the sub-accounts.

29. The ceiling of the imprest account is 10% of the loan amount. The EA may request for initial and additional advances to the imprest account based on an Estimate of Expenditure Sheet setting out the estimated expenditures to be financed through the account for the forthcoming six (6) months. Supporting documents should be submitted to ADB or retained by the EA (or IA in the case of the sub-accounts) in accordance with ADB's *Loan Disbursement Handbook* when liquidating or replenishing the imprest account.

30. The EA and three IAs have sufficient past experience in administering ADB-funded project accounts, and disbursement arrangements have been satisfactory to ADB. PCMU has been responsible for preparing the annual contract awards and disbursement projections. It will be responsible in (i) requesting budgetary allocations for counterpart funds, (ii) preparation of withdrawal applications, and (iii) sending the withdrawal applications to ADB. PCMU and the PIUs will be responsible in collecting supporting documents for the project expenditures incurred.

31. In the ongoing project, funds in the imprest account have been used to establish advances provide replenishments for the three sub-accounts in the three PIUs. The ceiling of the imprest account has not exceeded the estimated ADB financed expenditures to be paid from the account for the next six months, or 10% of the loan amount, whichever is lower. Currently the maximum ceiling of the imprest account is \$5.50 million, MPWT's sub-account is \$2.00 million, MRD's and MOWRAM's are each \$1.00 million. The ceiling will be updated, if necessary, during review missions. PIU-based sub-accounts have been replenished upon presentation of documented liquidation of expenditures as outlined in ADB's *Loan Disbursement Handbook*.

¹⁵ Ministry of Economy and Finance (MEF). 2012. *Standard Operating Procedures for Externally Financed Project/Programs in Cambodia*. Phnom Penh (May); MEF. 2012. *Financial Management Manual for Externally Financed Project/Programs in Cambodia*. Phnom Penh (May); MEF. 2012. *Procurement Manual for Externally Financed Project/Programs in Cambodia*, Phnom Penh (in two volumes), (May)

¹⁶ Available at: http://www.adb.org/Documents/Handbooks/Loan_Disbursement/loan-disbursement-final.pdf

32. For the ongoing project, disbursements from the ADB Loan for consulting services, civil works and goods under the international competitive bidding(ICB) procedures were disbursed through direct payment procedures as defined in the ADB's Loan Disbursement Handbook (2012, amended from time to time). Civil works and consulting services contracts amounting \$1.00 million and above using national competitive bidding (NCB) and direct contracting procedures were generally directly paid by ADB. Civil work contracts less than \$1.00 million and also for contracts using shopping method, and goods using NCB and shopping procedures, were generally paid through the imprest account. Only related incremental expenses were paid through sub-accounts. Additionally, if an individual request for payment is lower than the minimum ceiling of the withdrawal application, \$100,000 as stated in the ADB's Loan Disbursement Handbook (2012, amended from time to time); such request could be settled through the imprest account and to be subject for replenishment via SOE procedure.

33. The statement of expenditure (SOE) may be used for reimbursement and to liquidate advances to the imprest account to ensure speedy project implementation. Any individual payment to be reimbursed or liquidated under this procedure shall not exceed the equivalent of \$100,000. For individual payments exceeding the SOE ceiling, supporting documents should be provided to ADB when submitting the withdrawal application. Supporting documents include contracts (contract terms and conditions relating to payments), contractor's invoice claims, interim payment certificates and other documents required in the contract, evidence of payments (official receipts, bank payment slips). The SOE records should be well maintained and made available for review by ADB's disbursement and review mission or upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit purposes. The supplementary loan will follow same practices.

34. Before the submission of the first withdrawal application, the borrower should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the borrower, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is \$100,000 equivalent, unless otherwise approved by ADB. Individual payments below this amount should generally be paid from the imprest/sub-account, or by the EA/IA and subsequently claimed to ADB through reimbursement. ADB reserves the right not to accept WAs below the minimum amount.

35. PCMU has provided guidance to the staff of the ongoing project to ensure their skills are sufficient for the project needs. The guidance will be continued, especially for the refreshing of financial management and accounting skills and for the orientation of new staff as necessary. The effectiveness and efficiency of the disbursement procedures have been assessed at the Mid-term Review of the ongoing project and actions have been taken to simplify or streamline the processes if deemed appropriate.

H. Disbursement and Liquidation Procedures for Government Funds

36. Withdrawal of government counterpart funds must be carried out in accordance with the Government Policies and Procedures. The IAs will be responsible for submitting withdrawal applications to MEF. Counterpart funds withdrawal applications should be made in accordance with the budget plan agreed between the IAs and MEF. Counterpart funds may only be withdrawn for expenditures of the project which are specified in the project loan/credit/grant agreements. Projects Team has set out the expenditure percentages, for the project in the Project Finance Manual as a supplement to the main Financial Management Manual (May 2012, updated time to time). Counterpart funds withdrawals may be made for:

- Imprest Account Initial Advance
- Imprest Account Replenishment
- Direct Payment to Supplier or Contractor

37. **Key Internal Controls:** Withdrawal applications must be signed by an authorized signatory or signatories. Withdrawal applications must be sequentially numbered starting with the number one. Counterpart funds advanced to projects must be held in a Government Counterpart Funds/Project Account at the NBC as approved financial institution.

38. **Counterpart Funds Initial Advance:** Each PIU completes the Government Withdrawal Application form for the initial advance of counterpart funds and submits to the MEF – General Department of Budget (GDB). The maximum amount of the advance of counterpart funds will be agreed between the PIUs and MEF. The Government Withdrawal Application Form must be signed by the authorized signatories of PIUs and submitted to the GDB. The Government Withdrawal Application must be recorded in the Project Counterpart Funds WA Register.

39. The DIC reviews the completed forms and in conjunction with the Finance and Administration Department transfers the funds to the Project's Counterpart Funds Imprest /Special Account and advises the respective PIU of the transfer. On receipt of advice from the NBC that the funds have been deposited into the Counterpart Funds Special Account, the receipt of the funds should be recorded in the General Ledger and the Government WA Register must be up-dated. The supplementary loan will follow same practices.

40. **Counterpart Funds Replenishment:** The Project Team completes the Government Withdrawal Application form and attaches a statement of actual expenditure. Supporting expenditure documentation must be maintained by the Project Team for subsequent review by MEF or audit. The Government Withdrawal Application Form must be signed by the authorized signatories of the EA/Project and submitted to the GDB. The Government Withdrawal Application must be recorded in the Project Counterpart Funds WA Register.

41. The GDB reviews the completed forms and in conjunction with the Finance and Administration Department transfers the funds to the Project's Counterpart Funds Imprest /Special Account. On receipt of advice from the NBC that the funds have been deposited into the Counterpart Funds Special Account, the receipt of the funds should be recorded in the General Ledger and the Government WA Register must be up-dated.

42. **Direct Payment to Supplier or Contractor:** The Project Team completes a Government Withdrawal Application Form. Separate withdrawal applications are required for each payment in different currencies. The following documentation must be attached to the Withdrawal Application Forms:

- Copy of Contract(s).
- Supplier or contractor invoice or claim
- For civil work – summary of work progress certified by project technical officer and approved by the relevant Project authorized officer
- For equipment and materials purchased - evidence of shipment, either a copy of the bill of lading or the forwarder's certificate
- Performance security such as a bank guarantee in the case of advance payments if required under the terms of the contract, or where an unusually large advance payment is made.

43. The Government Withdrawal Application Form must be signed by the authorized signatories of the EA/Project and submitted to the GDB. The Government Withdrawal Application must be recorded in the Project Counterpart Funds WA Register. The GDB reviews the completed forms and in conjunction with the Finance and Administration Department arranges the payment to the supplier or contractor. On receipt of advice from the GDB that the payments have been made, the receipt of the counterpart funds should be recorded in the General Ledger and the Government WA Register must be up-dated.

I. Accounting, Auditing, and Reporting

44. It is noted that that PCMU and PIU staff have the necessary skills to prepare financial reports and claims for reimbursement. If it is necessary, PCMU will provide further guidance on project financial and administrative procedures to refresh staff skills and knowledge in these areas. In the ongoing project, the following responsibilities have been performed by different units or persons: (i) authorization to execute a transaction; (ii) recording the transaction; and (iii) responsibility for custody of the asset involved in the transaction. Bank reconciliations have been prepared by a different person from that who approved the payment. The PCMU and PIUs have developed an accounting system that allows the proper recording of project financial transactions including the allocation and approval of expenditures in accordance with the respective components, expenditures/disbursement categories and source of funds.

45. **Accounting Systems.** PCMU will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project. PCMU will prepare consolidated project financial statements in accordance with the government's accounting laws and regulations which are consistent with international accounting principles and practices.

46. **Auditing and Public Disclosure.** PCMU will cause the detailed consolidated project financial statements to be audited in accordance with International Standards on Auditing and with the Government's audit regulations, by an independent auditor acceptable to ADB. The audited project financial statements will be submitted in the English language to ADB within six months of the end of the fiscal year by the PCMU.

47. The annual audit report for the project accounts will include an audit management letter and audit opinions which cover (i) whether the project financial statements present a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework; (ii) whether loan and grant proceeds were used only for the purposes of the project or not; (iii) the level of compliance for each financial covenant contained in the legal agreements for the project; (iv) use of the imprest fund procedure; and (v) the use of the statement of expenditure procedure certifying to the eligibility of those expenditures claimed under SOE procedures, and proper use of the SOE and imprest procedures in accordance with ADB's Loan Disbursement Handbook and the project documents.

48. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor.

49. The Government, PCMU and PIUs have been made aware of ADB's policy on delayed submission, and the requirements for satisfactory and acceptable quality of the audited project

financial statements.¹⁷ ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the borrower), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

50. Public disclosure of the project financial statements, including the audit report on the project financial statements, will be guided by ADB's Public Communications Policy (2011)¹⁸. After review, ADB will disclose the project financial statements for the project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website. The Audit Management Letter will not be disclosed.

VI. PROCUREMENT AND CONSULTING SERVICES

A. Advanced actions and retroactive financing

51. RGC may use retroactive financing, as and when required, for both Stage 2 and Implementation Consultants' contracts. The retroactive financing can be used for the eligible expenditures incurred after 30 September 2013, but not earlier than 12 months before the date of the loan agreement or grant agreement, and to a maximum of 30% of the loan and grant amounts. The issuance of invitations to bid under advance actions and retroactive financing will be subject to ADB approval. The Government has been advised that approval of advanced actions and retroactive financing does not commit ADB to finance the Project. The EA and the IAs need to follow the summary note for advance actions and retroactive financing, which is attached in Appendix 3.

52. **Advance Actions** are approved for the processing of variation to existing contracts for IS consultants at the PIU levels if IAs and their respective implementation support consultant agree to maintain the current support arrangements. ADB will allow the processing of variations of the existing contracts for the period of the AF-FDERP, on conditions to be negotiated as follows (i) supplementary TORs to be prepared by the IAs, approved by ADB, for their consultant for the AF extension period, (ii) formal technical proposal, Personnel Schedule and Work plan, full CVs and fully priced financial proposals to be submitted by the Consultant, formally approved by IAs, (iii) adjusted remuneration rates and price adjustment provisions per Standard Request for Proposal (SRFP) to be included in the contract extensions, and (iv) draft

¹⁷ ADB Policy on delayed submission of audited project financial statements:

- When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (i) the audit documents are overdue; and (ii) if they are not received within the next six months, requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.
- When audited project financial statements have not been received within 6 months after the due date, ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (i) inform the executing agency of ADB's actions; and (ii) advise that the loan may be suspended if the audit documents are not received within the next six months.
- When audited project financial statements have not been received within 12 months after the due date, ADB may suspend the loan.

¹⁸ Available from <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>.

negotiated contract variation to be prior-reviewed and approved by ADB Operation Services and Financial Department (OSFMD). Retroactive Financing is approved in principle for the recruitment of the IS at the PIU levels; civil work contracts of Stage 2 subprojects and the operation of PCMU, and PIUs. All Works contracts to be awarded under Stage 2 of the FDERP-AF will be selected using Direct Contracting - sourcing those contractors from amongst the best performing contractors to-date under the FDERP.

B. Procurement of Goods, Works and Consulting Services

53. The procurement of goods and works, and recruitment of consulting services will be carried out in a manner consisted with the simplified and expedient procedures permitted under the *ADB Disaster Emergency Assistance Policy, ADB Guidelines for Procurement (March 2013 and as amended from time to time)* and *ADB Guidelines on the Use of Consultants (March 2013, and as amended from time to time)*. Since FDERP-AF will be cofinanced by Asian Development Fund resources and by the grant from the Government of Australia which will be administered by ADB, universal procurement will apply to procurement of goods, works and services (including consulting services) for the FDERP-AF¹⁹. As a general principle, the project's approach to procurement of Works will be inspired by Procurement Guidelines para 3.18, which reads as follows:

54. **Procurement under Disaster and Emergency Assistance:** *"Procurement of goods and works under disaster and emergency assistance shall incorporate greater flexibility. ICB requirements will be relaxed in favor of NCB with an abbreviated bidding period. LIB will be the norm for procurement of goods with minimum bidding periods ranging from one to two weeks. Direct contracting to contractors and suppliers under existing loans or grants will be allowed for new contracts, with rates negotiated around those in effect for the existing contract with adjustments as required for inflation and physical considerations. Similarly, contractors and suppliers competitively selected under projects financed by other donors will be considered for direct contracting for new ADB-financed contracts."*

55. Procurement capacity assessment of the EA and the IAs, has been undertaken during the existing Flood Damage Emergency Reconstruction Project. As MOWRAM's project implementation unit for the FDERP-AF is different from that which is currently implementing the project, ADB conducted a Procurement Capacity Assessment (PCA) of the new MOWRAM PIU, as is mandated by ADB rules and procedures. Based on the assessment, the thresholds for procurement of works and goods as well as consulting services have been agreed upon with the Government. Likewise, ADB's prior review and post review have been set forth in the procurement plan. Further, domestic preference will be provided to the ICB contracts for goods and works in accordance with *ADB Guidelines for Procurement (March 2013 and as amended from time to time)*

56. **Procurement of Works and Goods:** In order to expedite implementation and meet the emergency needs, the procurement of works for Stage 2 subprojects will be retroactively financed using direct procurement method. Direct contracting of civil works will be subject to ADB prior review. All works to be contracted under Stage 3 of the project will use competitive bidding. ICB procedures will be used for any civil works contracts estimated to cost more than \$4 million, and any goods contracts estimated to cost more than \$500,000. NCB procedures will be used for any civil works contract estimated to cost \$4 million or less and any goods contracts

¹⁹ Board document R29-13: Blanket Waiver of Member Country Procurement Eligibility Restrictions in Cases of Cofinancing for Operations Cofinanced from Asian Development Fund Resources, approved on 18 March 2013.

estimated to cost \$500,000 or less respectively. Shopping will be used for any civil works or goods contracts estimated to cost less than \$100,000. The prior and post review by ADB in accordance with the threshold has been set out in the procurement plan. NCB works above one million will be prior reviewed by ADB. NCB threshold shall further be reviewed during implementation of the project and may be revised depending upon the capacity of the IA, local constructing industry to enhance efficiency and economy in the procurement process.

57. **Recruitment of Consultants:** Three existing IS consulting firms will be invited to extend under their existing contract to provide additional inputs for FDERP-AF. The contract variation will be made on an exceptional basis. MEF/PCMU will recruit all individual consultants in accordance with the *ADB Guidelines on the Use of Consultants (March 2013, and as amended from time to time)*. The existing PCMU Consultants may also be extended through variation to their existing contractual arrangements.

C. Procurement Plan

58. The procurement plan for each output is in Appendix 4.

D. National Competitive Bidding

a. General

59. The procedure to be followed for NCB shall be those set forth for the “National Competitive Bidding” method in the Government’s SOP Procurement Manual issued under sub-decree Number 74 ANK dated 22 May 2012 acceptable to ADB with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of *ADB’s Guidelines for Procurement (March 2013 and as amended from time to time)*.

b. Application

60. Contract packages subject to NCB procedures will be those identified as such in the project Procurement Plan. Any changes to the mode of procurement from those provided in the Procurement Plan shall be made through updating of the Procurement Plan, and only with prior approval of ADB.

c. Eligibility

61. Bidders shall not be declared ineligible or prohibited from bidding based on barring procedures or sanction lists, except individuals and firms sanctioned by ADB, without prior approval of ADB.

d. Advertising

62. Invitations to bid shall be advertised in at least one widely-circulated national daily newspaper or freely accessible, nationally-known website. Bidding of NCB contracts estimated at \$500,000 equivalent or more for goods and related services or \$4.00 million equivalent or more for civil works shall be advertised on ADB’s website.

e. Anti- Corruption

63. Definitions of corrupt, fraudulent, collusive and coercive practices shall reflect the latest ADB's Anti- Corruption Policy definitions of these terms and related additional provisions.

f. Rejection of all Bids and Rebidding

64. Bids shall not be rejected and new bids solicited without ADB's prior concurrence.

g. Bidding Documents

65. The bidding documents provided with the Government's Procurement Manual shall be used for NCB. For ICB, ADB standard bidding documents shall be followed. The first draft English language version of the procurement documents shall be submitted for ADB review procedures (post and prior review). The ADB-approved procurement documents will then be used as a model for all procurement financed by ADB for the project, and need not be subjected to further review unless specified in the procurement plan.

VII. SAFEGUARDS

A. Environmental Safeguards

66. The project and the additional financing is classified as category B for environment. Subprojects under the project and the additional financing will reconstruct existing transport and irrigation infrastructure. The subproject selection criteria for the project and the additional financing were formulated to avoid significant adverse environmental impacts. An environmental assessment and review framework (EARF)²⁰ was prepared in 2012 and updated in 2014, and disclosed in accordance with ADB's Safeguard Policy Statement, 2009 and government laws and sub-decrees. The EARF includes environmental guidelines to avoid and minimize adverse impacts during the identification and finalization of subprojects. Implementation arrangements in the PCMU and project implementation units (PIUs) build on experience gained from ADB-financed projects, and adequate capacity is ensured to manage environmental impacts through consultant support and additional capacity building. Initial environmental examinations (IEEs) and environmental management plans (EMPs) under the additional financing will be prepared consistent with the EARF and will be incorporated into bidding and contract documents to be implemented by contractors and monitored by the PIUs. Environmental reporting to ADB from the PCMU are done on a semi-annual basis.

B. Social Safeguards

67. Pursuant to ADB's Safeguard Policy Statement (2009) (SPS),²¹ ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the SPS.

68. The project and the additional financing is classified as category B for involuntary resettlement and category C for indigenous peoples. Subproject selection criteria were

²⁰ Environmental Assessment and Review Framework (accessible from the list of linked documents in Appendix 2).

²¹ Available at: <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf>

formulated to avoid land acquisition, resettlement impacts, and social risks²². A resettlement framework²³ was prepared and disclosed in accordance with the ADB's Safeguard Policy Statement, 2009 and government laws, regulations, and policies to guide planning studies and detailed designs of subprojects. All subprojects under the project have been Category C for resettlement and indigenous people. Under the additional financing subprojects in Stage 2 are Category C. If any subproject under Stage 3 is assessed to have involuntary resettlement impacts, a resettlement plan will be prepared in accordance to the resettlement framework. Implementation arrangements in the PCMU and PIUs build on experience gained from ADB-financed projects, and ensures the PIUs have adequate capacity to understand and prepare resettlement plans, through consultant support and additional capacity building. Widespread consultations have been/will be undertaken with stakeholders in subproject areas during implementation. For each subproject, consultation, participation, and disclosure will be undertaken based on RF Section IV, Table 2 of the RF identifies consultation and information disclose during preparation, updating, and implementation of resettlement plans. The Table also identifies who is responsible for each consultation and information disclosure activity. The EA will also ensure that the 4 stages grievance redress mechanism is in place as described in Section VI of the RF. Semi-annual monitoring reports on social safeguards from the EMO to be provided to ADB will include the conduct of consultation, participation, disclosure and grievance redress procedures as described in RF Section IX.

VIII. GENDER AND SOCIAL DIMENSIONS

69. Rehabilitated national, provincial and rural roads and irrigation facilities under the Flood Damage Emergency Reconstruction Project Additional Financing will bring major benefits to women and men through improved agricultural production and easier and faster access to markets, schools, and health centers. To support the reestablishment of livelihoods, this GAP was developed to ensure that the EA, Implementing Agencies, and civil works contractors pay particular attention to the inclusion of local unskilled laborers, and particularly unskilled women, on reconstruction crews. Women who are able to access income from construction jobs will be able to contribute to rebuilding their families' lives. The 2011 ADB Country Gender Analysis highlights that gender disparities in employment remain extensive in Cambodia, primarily because of traditional attitudes about "appropriate" occupations for women and men. This is particularly true in the construction sector, where it is believed that women either cannot or do not wish to engage in manual labor. However, women are already engaged in manual labor in the agriculture sector, and there are many construction jobs that women can and wish to do. Social and gender analysis undertaken in the context of rural road improvement projects in Cambodia confirms the willingness and availability of women for such work.

70. The Ministry of Rural Development's Social and Environmental Office (SEO), with the support of an ADB Gender and Development Cooperation Fund (GDCF) grant, is actively promoting women's access to jobs in rural road construction under the Rural Road Improvement Project. A series of training manuals, monitoring forms, and outreach and communication materials have been developed for this purpose. The *Ready for Roads* campaign materials include a brochure, stickers, posters, an information guide for contractors, visors and t-shirts, and a 3-minute training film on the value and benefit of women's road work, aimed at changing the mindset and attitudes of road contractors. In four of the FDERP-AF project provinces (Battambang, Siem Reap, Kampong Thom, and Kampong Cham) the Provincial Departments of

²² Subprojects with involuntary resettlement impacts will not be included in Stage 2; those with significant involuntary resettlement impacts will not be included in Stage 3. Subprojects with impacts on indigenous peoples will not be included.

²³ Resettlement Framework (accessible from the list of linked documents in Appendix 2)

Rural Development have benefitted from training on gender mainstreaming in rural road construction under the GDCF grant. SEO officers have successfully completed a training of trainers program that will allow them to extend the training to the two remaining Provincial Department of Rural Development (PDRDs).

71. This GAP, developed in accordance with the ADB Policy on Gender and Development and the laws of the Royal Government of Cambodia, aims to address gender inequality and ensure more equal access to project benefits, particularly in construction jobs. The GAP contains specific targets to raise awareness and improve gender equality. Training on the Core Labor Standards and gender specific measures (such as equal pay for equal work) will be provided to all contractors. Contractors will implement a sex-disaggregated data collection system (using the model tested by MRD) in order to allow PIUs to monitor the achievement of the gender targets such as the total number of days of unskilled labor that are created, and the number of these that accrue to women unskilled laborers. The PMU, through the PIUs, will ensure GAP implementation, monitoring, and quarterly reporting with support from a national gender consultant recruited for each PIU and from the CARM gender team. Gender-related targets are reflected in the DMF and include for each output that at least 25% of unskilled labor hired for construction work will be women. The cost of implementing the GAP is integrated in the project financing.

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION

A. Project design and monitoring framework

72. The design and monitoring framework (DMF) is in appendix 8.

B. Monitoring

73. Rehabilitated national, provincial and rural roads and irrigation facilities under the Flood Damage Emergency Reconstruction Project Additional Financing will bring major benefits to women and men through improved agricultural production and easier and faster access to markets, schools, and health centers. To support the reestablishment of livelihoods, this GAP was developed to ensure that the EA, IAs, and civil works contractors pay particular attention to the inclusion of local unskilled laborers, and particularly unskilled women, on reconstruction crews. Women who are able to access income from construction jobs will be able to contribute to rebuilding their families' lives. The 2011 ADB Country Gender Analysis highlights that gender disparities in employment remain extensive in Cambodia, primarily because of traditional attitudes about "appropriate" occupations for women and men. This is particularly true in the construction sector, where it is believed that women either cannot or do not wish to engage in manual labor. However, women are already engaged in manual labor in the agriculture sector, and there are many construction jobs that women can and wish to do. Social and gender analysis undertaken in the context of rural road improvement projects in Cambodia confirms the willingness and availability of women for such work.

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C. Project Performance Monitoring:

76. Under FDERP, the PCMU has established a project performance management system. This can be updated to include for the targets, indicators, assumptions, and risks in the FDERP-AF DMF. The PCMU, supported by its consultants, can also expand the DMF into a Monitoring and Evaluation (M&E) Framework, taking into account other important monitoring parameters, as well as those included in DMF. The baseline data corresponding to indicators and targets set out in the DMF and M&E Framework, disaggregated by income levels, sex and ethnicity, will be gathered during the detailed design stage by each PIU with the support from the PCMU and their DDIS. The PCMU will conduct annual monitoring using the same indicators and submit the reports to ADB throughout project implementation on a quarterly basis. These quarterly reports will provide information necessary to update ADB's project performance reporting system.²⁴ Results of a comprehensive completion survey will be included in the project completion report (June 2017).

77. **Compliance Monitoring:** PCMU will monitor and ensure the compliance of loan assurances —policy, legal, financial, safeguards, and others. All non-compliance issues, if any, will be updated in quarterly progress reports together with remedial actions. Each ADB review mission will also monitor the status of compliance with loan assurances and raises the non compliance issues with the government and agrees on remedial actions.

78. **Safeguards Monitoring:** The PCMU will brief the PIU safeguards focal persons on monitoring requirements. The M&E/safeguards specialist recruited at the PCMU will coordinate with PIUs in monitoring safeguard compliance. The PCMU will prepare periodic monitoring reports on progress of safeguards implementation, compliance issues, and corrective actions. Reports will be posted in a location accessible to the public. Safeguards monitoring

²⁴ ADB's project performance reporting system is available at:
<http://www.adb.org/Documents/Slideshows/PPMS/default.asp?p=evaltool>

requirements including suggested monitoring report formats are in safeguards plans and frameworks. Consolidated safeguards monitoring reports will be provided by the PCMU to ADB on a semi-annual basis.

79. Gender and Social Monitoring: The PCMU will ensure GAP implementation, monitoring, and quarterly reporting. Monitoring the GAP will ensure the participation of women in project management and implementation. A sex-disaggregated data collection system will be developed by the PCMU and PIUs to monitor the achievement of the gender targets, such as the number of days of unskilled labor that are created, and the number of these that accrue to women unskilled laborers. The PCMU will monitor compliance with core labor standards and reporting to ADB on an annual basis.

D. Evaluation

80. An inception mission will be fielded soon after the project is declared effective. Regular semi-annual review missions will follow, when the government and ADB will jointly review the project. This includes (i) the performance of the PCMU, PIUs, consultants and contractors; (ii) physical progress of subprojects with subsector analysis and effectiveness of safeguards, and the GAP; and (iii) compliance with loan/assurances. Given that this project is to be implemented in less than three years, it is essential to review the status of implementation at an early stage. Accordingly, the MEF, MPWT, MRD and MOWRAM will undertake an in-depth review of progress of the project jointly with ADB within 9 months of the Effective Date to determine and agree on potential reallocation of Loan Proceeds on the basis of progress and the readiness of remaining Subprojects under Components 1 to 3 for implementation. Within three months of physical completion of the project, the PCMU will submit a project completion report to ADB²⁵ (June 2017).

E. Reporting

81. The PCMU will provide ADB with (i) quarterly progress reports in a format consistent with ADB's project performance reporting system; (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions; (c) updated procurement and implementation plan (d) Safeguard compliance; and (iii) a project completion report within three months of physical completion of the project. The EA APFS, together with the associated auditor's report, should be prepared and adequately reviewed. PIUs will provide PCMU with monthly progress reports and monthly expenditure reports within 15 days of the following month using the standard format prepared by PCMU.

F. Stakeholder Communication Strategy and Grievance Redress

82. The communication plan developed by ADB for the project which is available as the linked documents will guide both ADB and the Government in stakeholder communication activities. The project will follow ADB's revised public communication policy which is effective from April 2012. The project intends to maximize transparency by communicating relevant project information to stakeholders in various means. The PCMU has set up a website for FDERP. PCMU will extend this to disclose all key project-related information, including the scope, cost, and financial and institutional arrangements of the project, project safeguard

²⁵ Project completion report format available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>

reports such as IEE and RPs, and project progress such as procurement, contract award and disbursement for FDERP-AF. The project will disclose the audited financial project accounts as part of the revised ADB's revised public communication policy. The website will include information on project procurement including the list of participating bidders, name of each winning bidder, basic details on bidding procedures adopted, the value of each contract awarded, and the list and value of goods/services procured and the intended utilization of loan proceeds under each contract being awarded. The website will also include contact details for the PCMU and PIUs' counterpart staff in Khmer and English languages, and will link to ADB's Integrity Unit website at <http://www.adb.org/Integrity/complaint.asp> for reporting to ADB any grievances or allegations of corrupt practices arising out of the project and/or project activities. The PCMU consultants will also assist the Government to undertake disclosure

83. The government will cause the EA to ensure that all project staff are fully aware of ADB procedures, including, but not limited to, procedures for implementation, procurement, use of consultants, disbursements, reporting, monitoring, and prevention of fraud and corruption. Each PIU will also fully disclose on their websites, relevant project-related information such as subproject cost, cost-sharing arrangement, contractor's name, contract price, progress of construction.

84. Participation is an important aspect of the project. Information, education, and communication program for the project will be carried out by the Government and ADB. The safeguard plans will ensure sufficient consultation and participation with beneficiaries, including women, the poor and vulnerable groups.

G. Communication Plan

85. A shared objective of the ADB–government communication strategy is to build public awareness and recognition of the collaboration and its outcomes. ADB and the government will proactively make maximum use of well-proven communication methodologies for raising awareness of the viability and credibility of the project, as well as other government activities in response to the 2013 floods.²⁶

X. ANTICORRUPTION POLICY

86. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the Project.²⁷ All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all Project contractors, suppliers, consultants and other service providers. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the Project.²⁸

87. To support these efforts, relevant provisions are included in the financing agreement, project agreement and the bidding documents for the Project. In particular, all contracts financed by ADB in connection with the project will include provisions specifying the right of ADB to audit and examine the records and accounts of the EA, IAs and all contractors, suppliers, consultants, and other service providers as they relate to the project. ADB will disseminate ADB's anticorruption policy to EA and the IAs.

²⁶ Communication Plan (accessible from the list of linked documents in Appendix 2).

²⁷ Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

²⁸ ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

88. The Anti-Corruption Unit, operating under the Anti-Corruption Law of 2010, has power to investigate any irregularities in the project. This includes financial irregularities, as well as corruption by government officials.

89. Project-specific measures to enhance governance and prevent corruption, designed with the stages of project implementation and the disbursement chain in mind, include (i) the requirement for PCMUs and PIUs to follow government's Standard Operating Procedure for all expense and revenue items including cash and the proper and accurate maintenance of financial records; (ii) establishing a project website at PCMU to provide transparency on project details; and (iii) adhering to risk assessment and risk management plan²⁹.

90. Furthermore, the project intends to maximize transparency, as described in Section IX above. Full information disclosure and participatory monitoring at both the central and the local levels are expected to be effective in reducing the risk of corruption and improving governance at central and local levels.

91. Within 12 months of project effectiveness, the PCMU will prepare a grievance redress mechanism acceptable to ADB.

XI. ACCOUNTABILITY MECHANISM

92. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make a good faith effort to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.³⁰

XII. RECORD OF PAM CHANGES

93. The first draft of the PAM (dated 7 March 2012) has been prepared and agreed upon at the loan negotiation in March 2012. All revisions/updates during the course of implementation should be retained in this Section to provide a chronological history of changes to implemented arrangements recorded in the PAM.

94. The PAM has been duly consulted with EA and revised during the loan negotiation on 12 March 2014.

²⁹ Accessible from the list of linked documents in Appendix 2.

³⁰ For further information see: <http://compliance.adb.org/>.